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FINANCE STATISTICS

Task Force on Financial Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on Financial Statistics (Convener: International Monetary Fund), which is contained in the annex to the present report. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its special session. 1/

Notes

1/ Official Records of the Economic and Social Council, 1994, Supplement No. 9 (E/1994/29), para. 16.

* E/CN.3/1995/1.

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Annex

REPORT OF THE TASK FORCE ON FINANCE STATISTICS

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INTRODUCTION AND BACKGROUND

1. The objectives of the Task Force on Finance Statistics, as mandated by the Working Group on International Statistical Programmes and Coordination at its fifteenth session (see E/CN.3/1993/21, para. 53) and subsequently endorsed by the Statistical Commission at its twenty-seventh session a/ and by the ACC Subcommittee on Statistical Activities at its twenty-sixth session (see ACC/1993/1, paras. 4 and 17-19), are to (a) determine work being done by the organizations involved on methods, compilation, processing, dissemination, technical assistance and cooperation; (b) assess problems, duplication, weaknesses, imbalances and gaps; (c) study how to carry out an evaluation of the database maintained by international organizations; and (d) report on actions taken, proposals and unresolved issues for action by the Working Group. Those objectives were confirmed as the terms of reference for the Task Force at its first meeting in June 1993 (E/CN.3/1994/8, para. 1). Membership of the Task Force comprises the International Monetary Fund (IMF) (Convener), the Bank for International Settlements (BIS), the European Monetary Institute (EMI), the Statistical Office of the European Communities (Eurostat), the Organisation for Economic Cooperation and Development (OECD), the World Bank and the Statistical Division of the United Nations Secretariat (UNSTAT).

2. For the purposes of the Task Force, finance statistics have been defined to include balance-of-payments statistics; external debt statistics; national money and banking statistics; government finance statistics; and other finance statistics, loosely defined to include areas where problems of coordination between international organizations are likely to arise. With those definitions in mind, the Task Force has considered coordination issues in the areas of international banking; portfolio investment; direct investment; financial derivatives; official development assistance; and non-financial enterprise accounts.

3. As a first step, in December 1992 IMF sent to international organizations involved in compiling and/or publishing finance statistics a questionnaire designed to help assess the problems and opportunities for better coordination and cooperation. In August 1993, IMF wrote to ministers of finance, central bank governors and heads of national statistical offices in a number of industrial and developing countries to seek their comments on the terms of reference of the Task Force; on the role of international organizations in developing standards for finance statistics; on current arrangements for data collection and sharing; and on the findings of the questionnaire.

4. At the second meeting of the Task Force (November 1994), the agenda comprised topics carried over from the first meeting (mainly developments in monetary and financial statistics and government finance statistics), as well as topics raised in response to the above-mentioned IMF letter of August 1993, including the need to find ways of easing the burden of data reporting and the need for a central guide to the finance statistics published by international organizations. The report of the Task Force on that meeting will be available to the Commission as a background document.

I. OVERVIEW

A. Statistical methodology

5. The Task Force notes that IMF, Eurostat, BIS and the World Bank (the latter in the area of external debt statistics) have been active in transforming national data for finance statistics and have reviewed the procedures for coordinating work on the underlying methodologies; in particular, it notes IMF plans to produce international methodologies on monetary and financial statistics and government finance statistics that are consistent, to the extent possible, with the System of National Accounts 1993 (1993 SNA).

B. Data reporting and sharing

6. The Task Force has reviewed current arrangements for the reporting and sharing of finance statistics by international organizations, and notes that there appears to be a considerable and probably increasing degree of data sharing of finance statistics among international organizations, especially through the use of electronic media, which have replaced the use of report forms in the industrial and major developing countries. Moreover, the burden of reporting by national agencies may have eased as a result of electronic access to national databases, the growing practice of data sharing among international organizations and the use of joint reporting procedures.

7. Having reviewed the replies to the IMF letter of August 1993, the Task Force notes continuing concerns about the burden of reporting and has reviewed the feasibility of easing that burden by taking advantage of the benefits of electronic reporting and ensuring a greater harmonization of data requirements through the development of a matrix of data requirements. As to electronic reporting, the non-standardized electronic transmission of country data generally involves programming costs at both ends to meet the needs of international organizations and other users of standardized data; the extent of such costs has inhibited the development of electronic reporting. In the case of standardized electronic reporting, some of those costs have shifted back to the reporting countries but with the benefit of a standardized database now being available to a wider audience of users. The Task Force notes the lead taken by Eurostat in that area in its work on aggregate balance-of-payments statistics through the use of its Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT) programme, and in its plans to apply EDIFACT to the reporting of aggregate national accounts data in the near future and to other areas of statistics over the next five years. As to the role of the Task Force in that area, it has been decided that the subject should be revisited at a later stage to review developments in the EDIFACT programme and the experience of other international organizations. Partly in that connection, it has been agreed that efforts should be made to adopt uniform standards for country coding, including international organizations and country groups, and that the issue should be taken up by the ACC Subcommittee on Statistical Activities.

8. As to developing a matrix of data requirements, it is recognized that the development of a comprehensive matrix will require considerable time and effort

and that a more limited application to specific areas, as was formerly the case for tax data, is more feasible. Examples of areas where the matrix approach might be usefully applied are government expenditures and interest rates.

9. Although the Task Force has concluded that there appears to be no firm evidence of an excessive burden of reporting finance statistics to international organizations, it notes that in recent years there may have been a growth in data requests by international organizations that are not routed through their statistical units. This is true of both IMF and Eurostat and reflects problems of quality and currentness in the data collected by their statistical units, as well as the growth of ad hoc requests, usually at short notice, by other users of data in those organizations. The Task Force notes that this raises questions about statistical policy within international organizations that member countries may wish to address directly.

C. Data dissemination

10. The Task Force has reviewed issues in the area of the publication and dissemination of finance statistics, including issues raised in reply to the IMF letter of August 1993 on the need for a central guide to the finance statistics published by international organizations. The Task Force reviewed the suitability, for this purpose, of the Directory of International Statistics, last published in 1982. It has been agreed that, in the event that the Directory is updated, there may be a case for reviewing the classification of finance statistics as a guide to the coverage of statistical publications, along the lines used by the Task Force for the purpose of identifying gaps and overlaps. However, there is no support for the publication of a separate guide to finance statistics or for a review of documentation standards concerning the finance statistics published by international organizations. The Task Force has concluded that the questions raised concerning the need for documentation standards are of a general nature and are not confined solely to finance statistics; they should therefore be raised with the ACC Subcommittee on Statistical Activities. In addition, the integration of data collected by the non-statistical units of some international organizations across a range of statistical subjects raises questions about documentation that need to be actively pursued by those organizations.

D. Technical assistance

11. The Task Force notes that efforts to coordinate technical assistance in finance statistics have been confined to the programmes of international organizations being conducted in the economies in transition. It has concluded that there is no need for equivalent coordination tools for other regions (at least not in the area of finance statistics). In particular, the UNDP technical assistance programme is currently under review and the regional commissions should be encouraged to undertake a more active role in the multilateral coordination of technical assistance in statistics across all subjects.

E. Conclusions

12. The Task Force has concluded that its review of the principal issues identified in its terms of reference have been largely dealt with. As a result, no further meetings have been scheduled to date, although the Task Force is ready to reconvene should new issues be presented for its consideration.

II. BALANCE-OF-PAYMENTS STATISTICS

13. The Task Force finds that, with respect to the collection, transformation and sharing of data by international organizations, there appear to be no major deficiencies in current arrangements other than the need for a clearer documentation of the differences between national presentations and IMF/Eurostat manuals.

14. None the less, some of the objectives of the Task Force are being addressed by the IMF Committee on Balance of Payments Statistics, which was established in 1992 with a membership of international and national statistical agencies to implement the recommendations contained in two IMF reports: "Report on the measurement of international capital flows" and "Report on the world current account discrepancy". The Committee was charged with investigating ways in which data collection could be better coordinated among countries with a view to facilitating the exchange of statistics. The Task Force reported to the Committee at its last meeting (Basel, Switzerland, November 1994).

15. In response, the Committee has noted that, although there has been considerable progress by international organizations in harmonizing concepts and classifications, there remains a need to improve the coordination of technical assistance and to develop regional data, especially with respect to the matching of creditor and debtor sources that is needed for the compilation of developed/developing country balance-of-payments statements. The Committee has noted that coordination needs to be improved among international organizations involved in developing balance-of-payments capital account stock data (partly as an aid to estimating detailed geographic flows) as well as detailed service statistics and other closely related areas of statistics, such as direct and portfolio investment statistics.

16. As to the electronic reporting of aggregate balance-of-payments statistics, the Task Force notes the recent Eurostat initiative of using EDIFACT as a medium for transmitting standardized messages, i.e., combinations of data and text. A key feature of that initiative has been Eurostat's authority to request member countries to report in that way and, given the fast turn-around time, the offer of resultant data in exchange. Consequently, the system now issues monthly balance-of-payments statements to European Union (EU) organizations and member countries as well as other bodies linked to the network. In view of that experience, the Task Force has reviewed whether it should assume a coordinating role in promoting the sharing of balance-of-payments data reported electronically. No decision has been made; it has been noted, however, that the IMF Balance of Payments Committee could take up the issue, as appropriate.

III. EXTERNAL DEBT STATISTICS

17. Over a period of years, BIS, IMF, OECD and the World Bank have worked together to develop consistent definitions and complementary methodologies for the preparation of comprehensive external debt data, subject to the constraints set by the nature of the information obtained from national sources (both debtor and creditor). Work is currently under way to review the relationship between external debt statistics and the balance of payments, including the international investment position as defined in the Balance of Payments Manual. In addition, efforts are being made to improve the comparability of data derived from creditor and debtor sources.

18. In this connection, the Task Force notes plans by the World Bank to review the scope of its Debtor Reporting System (DRS) to reflect the changing patterns of financing in developing countries, including the growth of private-sector financing and new financial instruments. The review is expected to make the World Bank external debt database more useful as a tool for assessing the creditworthiness of borrowers and is intended to meet the needs of a wider audience. To this end, the World Bank is currently preparing a questionnaire to formulate proposals that will be discussed with the international organizations involved and other interested parties. Eventually, an annotated outline of a revised DRS will be prepared for discussion with the Working Group of the OECD Development Assistance Committee (DAC) and with the International Working Group on External Debt Statistics to ensure coordination between creditor and debtor sources of information.

IV. NATIONAL MONEY AND BANKING STATISTICS

19. The Task Force notes that IMF plans to develop a new manual on monetary and financial statistics are following procedures similar to those adopted for the fifth edition of the Balance of Payments Manual. In both cases, an initial evaluation is made of how the needs of users in those areas, including users in international organizations and countries, are being met by the 1993 SNA; the scope for developing statistics in each sector that are as consistent as possible with the framework established in the 1993 SNA can then be explored. The procedure includes a series of visits by IMF staff to the main international organizations concerned and to official agencies in a number of selected industrial and developing countries, as well as the distribution of an annotated outline of the manual to all member countries for comment. After review within IMF, draft chapters in English, French, Spanish and Russian are distributed for comment by users and compilers, after which IMF convenes a meeting of experts representing all its members to review the completed drafts. To date, the remaining draft chapters are expected to be completed by July 1995 and an expert group meeting is provisionally scheduled for early 1996; publication is targeted for December 1996.

20. The Task Force notes that, in order to serve the needs of a wider audience and conform with current thinking in this area, the format of the manual on monetary and financial statics is much more flexible. For that purpose, a building block approach is being used that (a) is consistent with the 1993 SNA concerning the classification of instruments, sectors and accounting standards;

(b) is consistent with the Balance of Payments Manual concerning foreign-sector matters; (c) is consistent with government financial accounting; (d) is consistent with BIS standards on capital adequacy concerning the links between monetary and credit analysis; and (e) avoids prescribing the use of particular measures of monetary stock and associated statistics.

21. The Task Force agrees that a review of the data-reporting and sharing practices in national money and banking statistics may be arranged later in the light of evolving statistical standards in this area.

V. GOVERNMENT FINANCE STATISTICS

22. The Task Force notes that procedures similar to those described for the manual on monetary and financial statistics are being followed for revising the Manual on Government Finance Statistics. Among the specific issues prompting the review of methodology in this area are the evolution of accounting practices (in some cases towards accruals accounting) and the increased importance in fiscal analysis of such issues as arrears, in-kind transactions and quasi-fiscal operations of the financial system. The absence of consensus is underlined by the conflict that exists between the needs of fiscal analysis on the one hand, and the promotion of harmonization and closer links with the 1993 SNA on the other. Partly for those reasons, it is likely that the revised Manual will identify a common core with the 1993 SNA government accounts and will seek to identify alternative balances and classifications at a more detailed level. The revised Manual will also need to focus on methods of compilation, particularly in the context of avoiding duplication and prioritizing work plans in compiling both accounts based on the 1993 SNA and accounts based on the revised Manual. IMF having recently appointed a consultant, a questionnaire to obtain information about national accounting practices and data requirements will be sent to member countries in January 1995, to be followed by visits to international organizations and official statistical agencies through July 1995 and the preparation of an annotated outline of the revised Manual by December 1995. On that basis, a first complete draft could be ready in the first half of 1997 and an expert group meeting could take place in early 1998; publication is currently scheduled for the second half of 1998.

23. As to the European Union, the Task Force notes that the needs for government finance statistics are defined within the framework of the European System of Accounts (ESA) and the Union Treaty and its protocols; neither Eurostat nor EMI see the need for the development of separate methodologies on government accounts either to meet present needs or in the context of monetary union.

24. As to data reporting, the Task Force notes that there may be scope for a more harmonized reporting of data for government expenditures; the design of a matrix of reporting requirements would help in this respect.

VI. OTHER FINANCE STATISTICS

25. The Task Force notes that, since the 1993 SNA and the Balance of Payments Manual have both paid particular attention to recent developments in financial markets and instruments and to the integration of balance-sheet accounts into the national accounting framework, the scope of other finance statistics, as previously developed, may well be reduced as those two systems are implemented. At the same time, the scope of finance statistics in other areas may well be enhanced. The need for coordination in this area is reflected in the high levels of the continuing activity of international organizations in monitoring developments in financial markets.

26. The Task Force recommends that further work be done on financial derivatives in order to identify a framework for categorizing transactions underlying new instruments and their significance for the identification of the financial asset boundary and off-balance sheet arrangements, all within the framework of the financial accounts of the 1993 SNA. The IMF Committee on Balance of Payments Statistics is considering the implications of those developments in international markets, while BIS is considering their implications for risk assessment. The need to coordinate the work of international organizations in this area has been noted; to that end, it is agreed that international organizations should be kept informed of initiatives and progress made in collecting statistics on financial derivatives.

27. On the question of data reporting, the Task Force notes that there may be scope for a more harmonized reporting of data on interest rates; the design of a matrix of reporting requirements might help in this respect.

VII. COORDINATION OF TECHNICAL ASSISTANCE

28. The Task Force notes that efforts to coordinate technical assistance in finance statistics have been confined to the programmes of international organizations with the economies in transition. It has concluded that although there is no need for equivalent coordination tools for other regions (at least not in the area of finance statistics), none of the other task forces have addressed the question and there may well be a need for coordination in other areas. In particular, the UNDP technical assistance programme is currently under review and the regional commissions should be encouraged to undertake a more active role in the multilateral coordination of technical assistance in statistics across all subjects.

Notes

a/ Official Records of the Economic and Social Council, 1993, Supplement No. 6 (E/1993/26), para. 27.